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This single chapter on leading sectors for U.S. export and investment is excerpted from the FY 2005 Country Commercial Guide for Oman. The full text of the report is also available on this website.

## **Chapter 4: Leading Sectors for U.S. Export and Investment**

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### ***OIL AND GAS***

#### **Overview**

The Omani government and private sector are embarking on multibillion-dollar plans for investment in upstream and downstream oil and gas projects over the next few years. The project list includes: pipelines, enhanced oil recovery systems, steam processing units, gas processing units, refineries, petrochemical plants, and others. Since it represents 40 percent of the country's GDP, more than 80 percent of the country's exports and more than 70 percent of the government's revenues, these projects will continue to represent strong export potential for American firms in the foreseeable future.

#### **Best Products/Services**

Drills and drilling services, oil-extracting equipment, sand removal devices for crude oil, burners in mobile tanks, pipeline heating for heavy crude, water treatment systems, steam injection and other enhanced oil recovery (EOR) technologies.

#### **Opportunities**

National oil company Petroleum Development Oman (PDO) will invest \$2 billion in EOR projects during the next five years and hopes to boost production by nearly a quarter of a million barrels per day (bpd) by the end of the decade. Currently, two large oil fields, Harweel and Mukhaizna, are being developed under EOR projects with the aim of restoring Oman's oil production to its 1990s level of 800,000 bpd.

In addition, the local demand for gas is expected to double once all gas-based projects come on-line in 2010. Hence, the demand for pipelines and associated pressure-limiting and valve stations of the Gas

Transportation System (GTS) is expected to continue for several more years. PDO is constructing a third gas-processing plant with a capacity of 20 million cubic meters per day at Saih Nihayda, expected to go online in 2005. PDO currently supplies Oman LNG, as well as several power stations, with natural gas.

Several multi-billion dollar projects are in the works in Oman, and the petroleum sector continues to provide some of the best prospects for U.S. goods and services. A significant portion of the country's oil infrastructure is aging. Pipelines, wellheads, pumps, and related equipment need regular replacing. Additionally, Oman has a number of older fields and fields with complex geology. As a result, Oman needs advanced technology for secondary and tertiary recovery, as well as 3-D seismic analysis to facilitate exploration efforts. Finally, there is interest in computer systems that can monitor remote wells and cut labor costs. The Omani environmental protection authorities are seeking advanced equipment to monitor and control on-shore leaks.

### **Resources**

Ministry of Oil and Gas

<http://www.mog.gov.om/>

Ministry of Commerce and Industry

<http://www.mocioman.gov.om/>

Petroleum Development of Oman

<http://www.pdo.co.om/>

Oman LNG

<http://www.omanlng.com/>

Occidental of Oman

<http://www.oxy.com/>

## **TRANSPORTATION**

### **Overview**

A sizeable market exists in Oman for airport and port equipment. Currently the Omani government is developing plans to expand airport terminals at Seeb International Airport in Muscat and Salalah Airport. The construction of an industrial port in Sohar is proceeding and the Port of Salalah is in the process of expanding and establishing a free trade zone. Road construction is another major focus of regional development, with multi-million dollar projects underway in various parts of Oman.

### **Best Prospects/Services**

Buses, aircraft, X-ray security screening equipment, ships, air traffic control equipment, port equipment (cranes, rubber tire gantries), port control and logistics software.

## **Opportunities**

The Omani government reassumed management of the Sultanate's airports in November 2004 from a private consortium that had operated the airports since 2002. An ambitious new development plan for the airports in Muscat and Salalah should be completed by 2008, at which time the management of the airports may be re-privatized. Plans are already underway to build a new terminal that has the capacity of handling eight to twelve million passengers per year at Seeb International Airport. In May 2002, the government announced its intention to develop a new small commercial airport in the Ras al-Hadd area in eastern Oman. In addition, the government together with the Port of Rotterdam are establishing an industrial port in the city of Sohar, which is quickly becoming an industrial hub in northern Oman.

Transport equipment (vehicles, aircraft, and vessels) are another leading import. Oman's national airline, Oman Air, placed an order for a new Boeing 737 aircraft in 2004 after securing a finance deal worth \$34 million through Ex-Im Bank.

## **Resources**

Ministry of Transport and Communications

<http://www.comm.gov.om/>

Port of Salalah

<http://www.salalahport.com/>

Sohar Industrial Port Company

<http://www.portofsohar.com/>

Directorate General of Civil Aviation and Meteorology (DGCAM)

<http://www.dgcam.gov.om/>

Port Services Corporation

<http://www.pscoman.com/>

## ***WATER AND ENVIRONMENTAL TECHNOLOGY***

### **Overview**

Development and rapid population growth have impacted Oman's water resources significantly, and there is substantial demand for water conservation technology. The salinity of groundwater is a growing problem in coastal agricultural areas, with water tables falling throughout the country.

### **Best Prospects/Services**

Water recycling and wastewater equipment, tsunami early warning systems, desalination equipment, weather monitors, advanced irrigation equipment, water quality monitoring systems.

## **Opportunities**

Companies that can provide equipment for small-scale irrigation should find a ready market among the large number of small farms in the country. Firms with expertise in sewage and wastewater treatment may also find opportunities, particularly with the announcement in early 2004 of a \$1 billion, 10-year project to develop a wastewater treatment system for the Muscat area. In addition, the recent tsunami tragedy in South Asia prompted Sultan Qaboos to emphasize the installation of an early warning system along Oman's coasts.

## **Resources**

Ministry of Transport and Communications

<http://www.comm.gov.om/>

Ministry of Housing, Electricity and Water

<http://www.mhew.gov.om/>

Ministry of Regional Municipalities, Environment, and Water Resources

<http://www.mrmewr.gov.om/intro.asp>

## **MEDICAL EQUIPMENT**

### **Overview**

The Omani population is growing at around two percent annually, and the existing health system is overburdened and in need of expansion. The Government's determination to provide its citizens with basic health care means that the demand for health care products and health-related expenditures will continue to grow. In 2002, the government shifted expatriate care to private hospitals and clinics, and the Omani upper class market is also attracted to the modern private services. The Ministry of Health has expressed interest in U.S. health care management information technologies as part of its efforts to standardize operations and establish interconnectivity among Oman's 150 hospitals and regional clinics.

### **Best Prospects/Services**

Pharmaceuticals, medical equipment and supplies, X-ray and MRI apparatus, ultrasound devices, surgical equipment, management information systems, distance medicine.

## **Opportunities**

The Omani market offers solid prospects for U.S. health care products. Having completed major regional hospital construction in the last five-year plan, Oman is currently focusing on upgrading facilities, including diagnostic abilities and operating rooms. Health authorities are seeking to ration services provided at principal hospitals while extending the rural clinic network. The current five-year plan contains 39 large health projects and 151 new rural clinics. Nearly 3% of the Omani government's

budgeted expenditure is in the health sector. Oman's 2005 budget allotted \$14 million to the Ministry of Health for capital expenditures – the establishment of small, specialized hospitals and clinics in rural areas. The entire FY05 budget includes \$432 million for government expenditure in this sector.

### **Resources**

Ministry of Health  
<http://www.moh.gov.om/>

Al Shatti Hospital  
<http://www.alshattihospital.com.om/>

Oman Medical College  
<http://www.omc.edu.om/myweb/en.htm>

Muscat Private Hospital  
<http://www.muscatprivatehospital.com/text/map.htm>

## ***ELECTRICAL AND MECHANICAL EQUIPMENT***

### **Overview**

Electrical machinery and mechanical equipment continues to be a leading sector for U.S. exports to Oman. Given the large number of industrial and infrastructure projects underway, the demand for such equipment and modern instrumentation is projected to increase in coming years.

### **Best Products/Services**

Appliances, elevators, cranes and bulldozers, building and construction equipment, shipment handling and transportation, electrical switchgear, dredging equipment.

### **Opportunities**

With a number of new electrical and mechanical projects underway, e.g., the Sohar independent power project, a new oil refinery, several fertilizer and methanol plants, a polypropylene plant, an aluminum smelter, an iron and steel factory, and a petrochemical complex, this sector is expected to continue its robust growth in the composition of Omani imports.

### **Resources**

Ministry of Housing, Electricity and Water  
<http://www.mhew.gov.om/>

Omani Tender Board  
<http://www.tenderboard.gov.om/Eng/default.asp>

Oman Oil Company

<http://www.oman-oil.com/default.asp>

## **POWER**

### **Overview**

In 1996, Oman became the first Arab country to turn exclusively to the private sector to build, own and operate (BOO,) a major power project—the 90 MW plant in Manah. The Manah project has been a successful and profitable operation, and the plant was expanded to 270 MW in early 2000. Among the other BOO power projects recently awarded is the \$260 million 200 MW power project in Salalah won by a consortium led by the New Jersey-based energy company PSEG. The tender for a 400 MW power and 3800 cubic meter desalination plant at Barka was awarded in November 2000 to Virginabased AES Corporation, and officially opened for business in June 2003. The contract for a 200 MW power plant in the Sharqiya region was awarded in September 2000 to consortium led by U.K.- based National Power Company. Oman and the UAE are planning on unifying their power and desalination assets beginning at the border area. This project will require substantial investments from both countries.

### **Best Products/Services**

Power transformation and networking, power generation equipment, gas-fired turbines, dispatch and transmission equipment, related software and control systems.

### **Opportunities**

Companies specializing in power plant construction, power generation equipment, and power plant operations and processes should find opportunities in Oman. With its growing population and need for expanded power generation, Oman has made privatization of future power projects a priority. A consortium led by Tractebel recently won a 500MW power and desalination project for the new industrial area in Sohar. An additional tender for an Independent Water and Power Project is expected by the end of 2005. Furthermore, the Omani government is planning on selling its existing power generation units to the private sector. Many of Oman's existing assets in the power and desalination sector are aging and new investors will be required to undertake upgrades. Rural electrification is another area for growth, particularly in the sparsely populated interior regions of Oman.

### **Resources**

Ministry of Housing, Electricity and Water

<http://www.mhew.gov.om/>

Dhofar Power Company (PSE&G Global)

<http://www.pseg.com/companies/global/plants/salalah.jsp>

AES Barka (AES Corporation)

<http://www.aes.com/aes/index?page=home>

## **FRANCHISES**

### **Overview**

A number of U.S. franchises are well established in Oman, particularly in the fast-food restaurant sector (McDonalds, KFC, Pizza Hut, Hardees, Subway, Chili's and Starbucks). U.S. car rental franchises (Hertz, Budget, Avis, Thrifty and Pay-Less) are also popular. Omani businesspersons continue to express interest in U.S. franchise opportunities.

### **Best Products/Services**

Toys and games, food and restaurants, car products and services.

### **Opportunities**

A young and growing population with significant amounts of disposable income has created a powerful consumer market in Muscat and other urban areas of Oman.

### **Resources**

Ministry of Commerce and Industry

<http://www.moci.gov.om/>

Muscat Municipality

<http://www.mctmnet.gov.om/>

Oman Chamber of Commerce and Industry

<http://www.chamberoman.com/>

## **TELECOMMUNICATIONS**

### **Overview**

Overall telecommunications infrastructure and service in Oman remains less developed than in its Gulf neighbors. Fixed line, mobile, and Internet penetration rates are low, yet the young and growing population is generating increased demand for modern telecommunications and broadcasting systems. In 2004, the Sultanate announced that Nawras Telecom (a consortium of Qatar's Q-Tel, Denmark's TDC, and local investors) had won the second GSM license to provide cellular service in Oman. Nawras is introducing its service and building out its network in 2005. This marked the first crack in the state telecoms monopoly.

The government has announced plans to float 30 percent of its shares in state telecoms giant Omantel (formerly known as the General Telecommunications Organization, or GTO) and selected Merrill Lynch as financial advisor on the planned privatization. In mid-2003, the government established the

Telecommunications Regulatory Authority to oversee all aspects of privatization and regulation. According to its WTO commitments, Oman must liberalize its telecom sector by the end of 2005.

### **Best Products/Services**

Fixed telephone and cellular (GSM) equipment, network solutions and software, fiber optic cabling, and wireless networking.

### **Opportunities**

Oman plans to make telephone service available in all but the smallest villages, although the capital expenditure is prohibitively expensive in a large, topographically challenging country like Oman. American companies have had limited success in these areas. Omantel has contracted with Ericsson, Siemens and Motorola to expand GSM service in Muscat, Salalah, and the Batinah coast, respectively. GSM service continues to expand in outlying areas.

### **Resources**

Ministry of Transport and Communications

<http://www.comm.gov.om/>

Omantel

<http://www.omantel.net.om/>

Nawras Telecom

<http://www.nawras.com.om/>

Telecommunications Regulatory Authority

<http://www.tra.gov.om/>

## **AGRICULTURAL SECTORS**

This section was developed by the U.S. Agricultural Trade Office in Dubai, UAE (ATO Dubai).

### **Corn Oil**

	<b>2004</b>	<b>2005</b>	<b>2006 (est.)</b>
<b>Total Market Size</b>	24	26	28
<b>Total Local Production</b>	0	0	0
<b>Total Exports</b>	2	4	4
<b>Total Imports</b>	24	26	28
<b>Imports from the US</b>	4	6	8

All figures in thousand metric tons; Source: ATO Dubai estimates)

Corn oil is the preferred cooking oil in Oman and other Gulf countries. The Areej Vegetable Oils & Derivatives, a local firm, imports U.S. corn and sunflower seed oils in bulk and repackages them for



retail. Consumption of corn (and sunflower seed) oils, and consequently imports from the U.S., is increasing steadily as locally packed oil is competitively priced with other oils. Singapore, Saudi Arabia and the UAE, frequently using repackaged U.S. edible oil, are other principal suppliers of corn oil to the Omani market.

**Poultry Meat**

	2004	2005	2006 (est.)
<b>Total Market Size</b>	93	95	96
<b>Total Local Production</b>	30	31	32
<b>Total Exports</b>	3	3	4
<b>Total Imports</b>	66	67	68
<b>Imports from the US</b>	2	3	4

All figures in thousand metric tons; Source: ATO Dubai estimates)

U.S. poultry meat, particularly chicken parts and to a lesser degree whole chicken and turkey, are well known for their high quality. This past year witnessed a large influx of branded chicken parts at very competitive prices. Brazil, Saudi Arabia, France and Denmark dominate the market for frozen whole chickens. Brazil and the U.S. dominate the market for chicken parts. Whole chickens represent 90 percent of total chicken meat imports. The preferred size for whole chicken ranges from 900-1,200 grams per bird. Chicken parts are imported in two-pound trays.

**Beef**

	2004	2005	2006 (est.)
<b>Total Market Size</b>	16	17	20
<b>Total Local Production</b>	2	3	4
<b>Total Exports</b>	1	2	2
<b>Total Imports</b>	15	16	18
<b>Imports from the US</b>	0	1	1

All figures in thousand metric tons; Source: ATO Dubai estimates)

U.S. beef, particularly frozen beef and to a lesser degree chilled beef, is well known for its high quality and is sought after by higher-end hotels and restaurants. Rapid expansion of the American fast food/quick service restaurants in Oman prompted a marked increase in the import of U.S. beef. India and Australia are the principal suppliers of frozen beef in the market. Imports from Europe, specifically from Ireland, France and the Netherlands, were curtailed due to the BSE problem. Imports from the U.S. were banned throughout 2004 after BSE was detected in one American dairy cow.

**Please Note:** Country Commercial Guides are available to U.S. exporters on the website: <http://www.export.gov>. They can be ordered in hard copy or on diskette from the National Technical Information Service (NTIS) at 1-800-553-NTIS.

U.S. exporters seeking further recommendations for trade promotion opportunities in Israel and country-

specific commercial information may also wish to visit the website of the U.S. Commercial Service in Israel <http://www.buyusa.gov/oman>

Travelers may wish to obtain the most recent travel advisory from the U.S. Department of State at [www.state.gov](http://www.state.gov)

U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** of the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to one of the following websites: [www.usatrade.gov](http://www.usatrade.gov) or [www.tradeinfo.doc.gov](http://www.tradeinfo.doc.gov)

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